

February 2002



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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After seven months of the biennium, our revenue collections are \$22,525 ahead of the legislative forecast. Although this \$22,525 is very meager, the good news is that we are still tracking closely with the legislative forecast and haven't dropped below that level even though our revised revenue forecast indicates that will happen.

Economy.com expects the current national recession to come to an end by this spring. A lag will exist between when a national recovery begins and when growth is strong enough to be reflected in healthier state budgets. Based on state budget shortfalls and total state revenues during the early 1990s recession, that lag is between 12 and 18 months.

North Dakota's unemployment rate in December was 2.8 percent while the national unemployment rate was 5.8 percent.

Non-agriculture wage and salary employment was up over the year in four major industries. The services industry increased by 0.7 percent or 650 jobs; construction increased by 1.4 percent or 200 jobs; retail trade increased by 0.7 percent or 450 jobs; and wholesale trade was up by 0.5 percent or 100 jobs. Four industries decreased over the year – mining; manufacturing; government; and finance, insurance and real estate. Transportation, communications and utilities remained unchanged over the year.

GFOA Award

The Office of Management and Budget has been awarded the Government Finance Officer Association's (GFOA) Distinguished Budget Presentation Award. This award reflects the commitment of the Governor and his staff to meet the highest principles of governmental budgeting. In order to receive this award, North Dakota had to satisfy na-

tionally recognized guidelines to assess how well the State's budget serves as a policy document, a financial plan, an operations guide, and a communications device.

This is the fifth consecutive Distinguished Budget Presentation Award OMB has received.

Oil Activity

Oil production in December averaged 84,728 barrels of oil per day compared to an average of 85,344 barrels per day in November.

North Dakota now has eight oil rigs drilling compared to 11 rigs one year ago. The current price of oil is in the range of \$16 per barrel.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to March 2001 Legislative Forecast
2001-03 BIENNIUM
JANUARY 2002

REVENUES AND TRANSFERS	2001 Legislative Forecast	FISCAL MONTH			2001 Legislative Forecast	BIENNIUM TO DATE		
		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>		<u>Actual</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	30,697,000.00	\$ 30,609,561.97	\$ (87,438.03)	-0.3%	\$ 185,423,000.00	\$ 189,952,873.30	\$ 4,529,873.30	2.4%
Motor Vehicle Excise Tax	4,826,000.00	5,495,938.30	669,938.30	13.9%	32,736,000.00	37,100,922.75	4,364,922.75	13.3%
Individual Income Tax	30,967,000.00	33,129,909.80	2,162,909.80	7.0%	114,353,000.00	113,158,051.72	(1,194,948.28)	-1.0%
Corporate Income Tax	5,089,000.00	3,677,790.75	(1,411,209.25)	-27.7%	16,308,000.00	13,329,952.12	(2,978,047.88)	-18.3%
Insurance Premium Tax	10,000.00	14,977.00	4,977.00	49.8%	7,296,000.00	7,343,403.42	47,403.42	0.6%
Financial Insitutions Tax	72,000.00	22,891.00	(49,109.00)	100.0%	72,000.00	384,770.00	312,770.00	100.0%
Oil & Gas Production Tax	1,948,000.00	1,614,974.80	(333,025.20)	-17.1%	13,584,000.00	10,901,140.97	(2,682,859.03)	-19.8%
Gaming Tax	938,000.00	945,428.12	7,428.12	0.8%	5,453,000.00	7,188,366.17	1,735,366.17	31.8%
Interest Income	724,000.00	179,718.22	(544,281.78)	-75.2%	4,668,000.00	2,702,172.13	(1,965,827.87)	-42.1%
Oil Extraction Tax	1,185,000.00	748,506.35	(436,493.65)	-36.8%	8,272,000.00	6,384,103.27	(1,887,896.73)	-22.8%
Cigarette & Tobacco Tax	1,519,000.00	1,460,111.32	(58,888.68)	-3.9%	11,996,000.00	12,151,686.51	155,686.51	1.3%
Departmental Collections	4,400,000.00	4,369,994.03	(30,005.97)	-0.7%	18,150,000.00	19,215,632.77	1,065,632.77	5.9%
Wholesale Liquor Tax	465,213.00	474,127.75	8,914.75	1.9%	3,157,587.00	3,282,873.80	125,286.80	4.0%
Coal Conversion Tax	2,081,000.00	2,021,371.30	(59,628.70)	-2.9%	14,287,000.00	13,477,722.50	(809,277.50)	-5.7%
Mineral Leasing Fees	400,000.00	157,000.00	(243,000.00)	-60.8%	2,320,000.00	1,456,200.71	(863,799.29)	-37.2%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00		
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	170,424.00	170,424.00	-	0.0%	511,272.00	511,272.00	-	0.0%
Other Transfers			-	100.0%		68,239.88	68,239.88	100.0%
Total Revenues and Transfers	85,491,637.00	85,092,724.71	(398,912.29)	-0.5%	453,586,859.00	453,609,384.02	22,525.02	0.0%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
JANUARY 2002

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	January 2000	January 2002	Variance	Percent	2001	2003	Variance	Percent
Sales Tax	\$ 25,543,321.64	\$ 30,609,561.97	\$ 5,066,240.33	19.8%	\$ 178,322,303.23	\$ 189,952,873.30	\$ 11,630,570.07	6.5%
Motor Vehicle Excise Tax	3,595,771.26	5,495,938.30	1,900,167.04	52.8%	30,974,741.90	37,100,922.75	6,126,180.85	19.8%
Individual Income Tax	27,247,197.79	33,129,909.80	5,882,712.01	21.6%	101,822,532.84	113,158,051.72	11,335,518.88	11.1%
Corporate Income Tax	2,156,976.23	3,677,790.75	1,520,814.52	70.5%	16,296,382.15	13,329,952.12	(2,966,430.03)	-18.2%
Insurance Premium Tax	4,659.20	14,977.00	10,317.80	221.5%	6,544,346.30	7,343,403.42	799,057.12	12.2%
Financial Institutions Tax	(592,885.00)	22,891.00	615,776.00	-103.9%	(601,812.00)	384,770.00	986,582.00	-163.9%
Oil & Gas Production Tax	1,770,159.22	1,614,974.80	(155,184.42)	-8.8%	9,093,078.27	10,901,140.97	1,808,062.70	19.9%
Gaming Tax	1,397,656.79	945,428.12	(452,228.67)	-32.4%	7,389,425.96	7,188,366.17	(201,059.79)	-2.7%
Interest Income	405,141.28	179,718.22	(225,423.06)	-55.6%	3,447,232.26	2,702,172.13	(745,060.13)	-21.6%
Oil Extraction Tax	907,810.95	748,506.35	(159,304.60)	-17.5%	6,419,165.91	6,384,103.27	(35,062.64)	-0.5%
Cigarette & Tobacco Tax	1,708,573.20	1,460,111.32	(248,461.88)	-14.5%	13,107,205.44	12,151,686.51	(955,518.93)	-7.3%
Departmental Collections	3,998,587.69	4,369,994.03	371,406.34	9.3%	11,250,075.51	19,215,632.77	7,965,557.26	70.8%
Wholesale Liquor Tax	447,975.61	474,127.75	26,152.14	5.8%	2,742,712.93	3,282,873.80	540,160.87	19.7%
Coal Severance Tax	995,459.23	0.00	(995,459.23)	-100.0%	6,664,790.87	775,793.99	(5,888,996.88)	-88.4%
Coal Conversion Tax	1,082,748.98	2,021,371.30	938,622.32	86.7%	7,083,048.58	12,701,928.51	5,618,879.93	79.3%
Mineral Leasing Fees	286,601.70	157,000.00	(129,601.70)	-159.0%	1,829,901.27	1,456,200.71	(373,700.56)	-20.4%
Bank of North Dakota-Transfer				0.0%	15,000,000.00	15,000,000.00	-	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer	172,576.00	170,424.00			517,728.00	511,272.00	(449,488.12)	-86.8%
Other Transfers			-	100.0%	1,850,618.83	68,239.88	1,782,378.95	96.3%
Total Revenues and Transfers	71,128,331.77	85,092,724.71	13,964,392.94	19.6%	419,753,478.25	453,609,384.02	33,855,905.77	8.1%

Revenue Variances

Sales tax collections fell below forecast in January by \$87,438, or 0.3 percent. After the first seven months of the biennium, sales tax collections are \$4.5 million or 2.4 percent ahead of collections.

Motor vehicle excise tax collections exceeded projections in January by \$669,938 or 13.9 percent. Biennium-to-date collections are now \$4.4 million or 13.3 percent ahead of projections as a result of low financing for new vehicles.

Individual income tax collections exceeded projections by \$2.2 million or 7.0 percent. Electronic filings have increased which may have contributed to the overage in January. Biennium-to-date collections are \$1.2 million or 1.0 percent below projections.

Corporate income tax collections fell below January projections by \$1.4 million or 27.7 percent. This shortfall is the result of decreased corporate estimated payments collected in January. Nationally, corporate profits have decreased in the midst of the economic

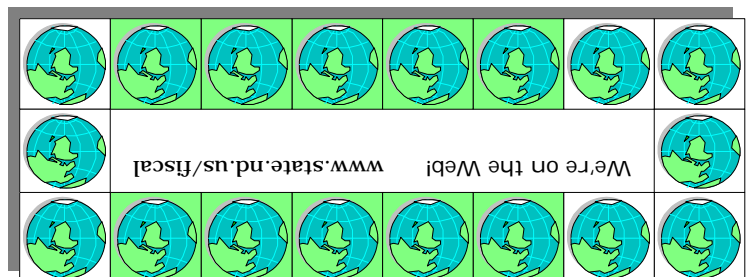
downturn and this shortfall in January is reflective of the national economic downturn.

The low price of oil and decreased oil production have again resulted in oil tax collections falling below forecast. Oil and gas production tax collections fell \$333,025 below forecast while oil extraction tax collections fell \$436,494 below projections.

Comments or Questions???

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